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November 13, 2006

**REVISED**

Dennis Smith  
Director, Center for Medicaid and State Operations  
Centers for Medicare and Medicaid Services (CMS)  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Mr. Smith:

On October 30, 2006, you wrote to the County of Los Angeles Department of Health Services (DHS) indicating that CMS would extend the November 30, 2006 termination of the Martin Luther King/Drew Medical Center (KDMC) Medicare provider agreement subject to the County of Los Angeles providing information to you prior to November 30, 2006 regarding the progress in implementing the plan we submitted to CMS, specifically regarding the substantial restructuring of the hospital and the immediate improvements made to address the quality of care issues identified in the most recent survey.

On behalf of the Board of Supervisors and DHS, this letter outlines the steps taken to implement the County's plan, Metrocare, which substantially and dramatically changes the KDMC hospital. Based on the steps outlined below, and the steps immediately taken to improve the quality of care issues identified in the CMS survey of September 22, 2006, the County is requesting the issuance of a new formal notice with the revised termination date of March 31, 2007.

A summary of these actions are:

1. Board of Supervisors action on the Metrocare Plan: The Board of Supervisors endorsed the Metrocare plan on October 17, 2006, subject to a public hearing on the plan, as required by California State law. The public hearing (Beilenson Hearing) was held on November 6, 2006, comments were received from many organizations and community officials, and at the conclusion of the hearing the Board unanimously approved the Metrocare plan including all the proposed clinical changes (see attachment). The Board of Supervisors has named the new hospital Martin Luther King-Harbor Hospital.
2. Integration of the hospital into Metrocare under the executive and clinical leadership of Harbor-UCLA: Immediately after the September 22<sup>nd</sup> CMS meeting, the Department convened its senior management and medical leadership from Harbor-UCLA and KDMC. That group has developed a detailed plan for the implementation of the service changes needed, for the interview and reassignment of every one of the 2000 employees and all of the physicians. Changes needed at Harbor-UCLA to prepare for Metrocare Plan Service Change #1- the movement of Pediatrics, Pediatric ICU, Neonatal ICU and High Risk Obstetrics, are being made to meet the timeline of moving no later than November 30, 2006.

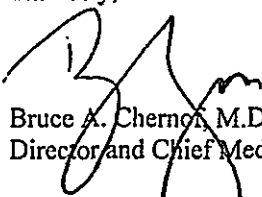
3. Downsizing and elimination of services at KDMC consistent with the Metrocare Plan: The following services have moved or are moving before the end of November.
  - Pediatric Intensive Care Unit – has been closed effective 11/6/06.
  - Inpatient Pediatrics – will be closed to new admissions 11/20/06 with any remaining patients transferred to Harbor on 11/27/06.
  - NICU – will be closed to new admissions 11/20/06 with any remaining patients transferred to Harbor on 11/27/06.
  - Ward 3C (general medical/surgical ward) was closed to new admissions 11/9/06.
4. Metrocare Leadership Appointments: The appointment of the interim CEO of Metrocare, the current CEO of Harbor-UCLA, Tecla Mickoseff, was made and announced publicly on November 9, 2006. Also, Antionette Smith Epps was interviewed and re-appointed as the on-site Administrator for the new Martin Luther King-Harbor Hospital, reporting to Ms. Mickoseff, effective November 9, 2006.
5. DHS Inpatient Bed Expansions: Additional inpatient beds are being prepared for opening at Olive View Medical Center, and Rancho Los Amigos Medical Center, two county hospitals that will provide replacement services for the downsized Martin Luther King-Harbor. Those beds will begin to be operational in late November 2006.
6. Private Sector Contracting for Physician Services: The Department has solicited proposals for new physician groups to operate the Emergency Department, the ICU's, and to provide Hospitalist services for the medical-surgical patients. Those proposals have been received, they are all from well recognized, high quality groups, and the contract negotiations have begun with the goal of getting these contracts approved in the next few weeks. These doctor groups will replace the current resident physicians. Each attending physician is being interviewed by the respective service chief from Harbor-UCLA along with a review of each physician's performance and files to determine who will meet the standards for the new hospital and who will be reassigned to other facilities. As a result of the decisions of the ACGME, and the plan to eliminate teaching programs at KDMC, the Drew University has arranged placement for all house staff at other hospitals, for the remainder of this academic year.
7. Contracting for Private Sector Temporary Transition Inpatients Beds: The Department has solicited proposals from private hospitals in a twelve mile radius to provide temporary inpatient beds for county patients during the Metrocare implementation. Responses are due back to the Department by November 15, 2006. The Department has also solicited proposals for on-site ambulance support and these responses are also due back on the fifteenth of this month.
8. Corrections of findings from the recent CMS survey: KDMC submitted a response to CMS responding to all findings and providing corrective actions where appropriate. I have named an independent Compliance Officer from within the Department to provide regular, independent oversight. The Compliance Officer's staff will be conducting weekly unannounced audits and daily reviews of all incident reports. I have also reassigned nursing management and clinical pharmacists from other county facilities to provide additional oversight during the transition. Our Compliance Officer and her staff have reviewed the findings from the September 22<sup>nd</sup> CMS report, KDMC's written response to those findings, and have reviewed every item in detail at the KDMC site to assure that the corrective actions identified in our response to CMS were taken, and care being provided is safe. A daily review is conducted by myself, DHS

executive staff and KDMC staff, of every unusual incident that may have occurred in the previous 24 hours. We held weekly calls with the CMS Regional Office leadership, State Licensing, to discuss and review progress and any issues that came up during the previous week. Usually participating on that call are the Southern California representatives of State Licensing, who have been invited by us to review KDMC at any time, as well as to review each of the other County hospitals that patient services will be moved to so they are assured that all standards are met.

Each of the above actions is completely supported by the Board of Supervisors and the entire County management. DHS understands that it is imperative to provide a safe hospital at the current KDMC during this transition period. We continue to work closely with the State and CMS to implement this challenging, but achievable, transition.

We welcome any questions you have regarding this letter and our efforts, and look forward to continuing our provider agreement, meeting the needs of the South Los Angeles Community, and working towards a hospital that will meet national standards.

Sincerely,



Bruce A. Chernoff, M.D., F.A.C.P.  
Director and Chief Medical Officer

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Attachment

c: Each Supervisor  
Chief Administrative Officer  
County Counsel